

A U S T I N C I T Y C O U N C I L

AGENDA



Thursday, December 07, 2006

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Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

ITEM No. 22

Subject: Authorize award, negotiation, and execution of a 12-month requirements service contract with FALCON INSURANCE AGENCY, INC., Austin, TX, for aircraft liability and physical damage insurance coverage in an estimated amount not to exceed \$72,032, with two 12-month extension options in estimated amounts not to exceed \$79,235 for the first extension option and \$87,159 for the second extension option, for a total estimated contract amount not to exceed \$238,426.

Amount and Source of Funding: Funding in the amount of \$72,032 is available in the Fiscal Year 2006-2007 Operating Budget of the Austin Police Department. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rosemary Ledesma, Supervising Sr. Buyer/974-2011

Purchasing Language: Best evaluated proposal of two proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

**Additional Backup
Material**

(click to open)

No Attachments Available

This service contract will provide for a package of comprehensive liability and physical damage insurance coverage for the Police Department's 2001 Eurocopter EC 120 helicopter, 1973 Cessna 182P airplane, and 1969 Bell OH 58 helicopter. The aircraft are housed at the Austin Bergstrom International Airport and are used by the police department for law enforcement and surveillance. Falcon Insurance Agency, Inc. will provide these services through Old Republic Insurance Company. Old Republic Insurance Company is licensed in the State of Texas and has an A.M. Best Rating of A+IX by the Best Key Rating guide, which is considered to be a very good financial rating status. The current coverage expires on December 21, 2006. An evaluation panel consisting of insurance experts and professional police department representatives reviewed the proposals. The panel recommended Falcon Insurance Agency, Inc. as the best proposer based on coverage and limits, carrier qualifications, claims services, and premium quoted. Falcon Insurance Agency is a specialty aviation brokerage firm located in Austin, Texas and has been in business over 20 years with a history of writing numerous airport and aircraft insurance policies. Old Republic Insurance Company will issue a policy with comprehensive liability coverage with a liability limit of \$10 million and an agreed amount of hull coverage. War risk liability will also be provided. The major coverage exclusions will include wear and tear, deterioration, conversion, embezzlement, non adherence to approved pilot requirements, and use of chemicals. The amounts for the extension option years include an estimated 10% premium increase per year. MBE/WBE solicited: 8/3 MBE/WBE bid. 0/0 RFP NO. RL06300077 PROPOSAL ANALYSIS a. Adequate competition. b. Seventy-four notices were sent, including nine MBEs and five WBEs. Seven solicitations were issued no MBEs/WBEs. Two proposals were received. c. The premium offered represents a 22% decrease from the premium quoted in December 2002. The reduction in premium cost is primarily due to increased competition, a four year history of no losses, and an excellent loss control.

inspection rating

APPROVAL JUSTIFICATION a. Best evaluated proposal. b. The Purchasing Office concurs with the Human Resources Department's recommended award c. Advertised in the Austin American Statesman and on the Internet